

**“Towards Sustainable
Development
in the Caresses
of the Blue Seas”**

**ANNUAL REPORT
2015**

**MARINE ENVIRONMENT
PROTECTION AUTHORITY**

**MINISTRY OF MAHAWELI
DEVELOPMENT AND
ENVIRONMENT**

CONTENTS

1	Background	
	1.1 Introduction	8
	1.2 Responsibility and Functions of the Authority	8-10
2	Administrative Report	11-12
3	Report of the Audit and Management Committee	13-14
4	Operational Review	15-22
5	Service and Responsibility of Administrative, Human Resources Development, Internal Audit, Finance and Legal Divisions	
	5.1 Administrative Division	23
	5.2 Legal Division	24-25
	5.3 Internal Audit Division	25-26
	5.4 Human Resources Development Division	26-27
	5.5 Finance Division	28-30
6	Accounting Policies, Financial Statements and Notes of the Authority	
	6.1 Accounting Policies	31-34
	6.2 Statement of Financial Position as at 31.12.2015	35
	6.3 Statement of Financial Performance for the Year ended 31.12.2015	36
	6.4 Statement of Changes in Net Assets and Equity for the year ended 31.12.2015	37
	6.5 Cash Flow Statement for the Year 2015	38
	6.6 Notes to Financial Statements	39-50
	6.7 Statements of Financial Position for the Years 2010 to 2015	51
	6.8 Statement of Financial Performance for the Years 2010 to 2015	52
7	Report of the Auditor General	53-63



The Marine Environment Protection Authority was established under the former Marine Pollution Prevention Act No. 59 of 1981. The new Marine Pollution Prevention Act No. 35 of 2008 was enacted for strengthening the legal powers vested in the Marine Environment Protection Authority for acting to prevent, mitigate and control marine pollution and for implementing international Conventions on marine pollution applicable to Sri Lanka and it was brought into effect on 01 January 2009.

Corporate Information

Name of the Authority:

MARINE ENVIRONMENT PROTECTION AUTHORITY

Legal Statues

A regulatory authority established under the Marine Pollution Prevention Act No. 35 of 2008

Registered Address and Head Office

Marine Environment Protection Authority
No. 758 Baseline Road,
Colombo 09.

TP: 011 2687520/011 2690604/ 011 2690605;

Fax: 011 2687451/011 4615960

E-mail : (info@mepa.gov.lk Web: mepa.gov.lk)

Board of Directors

Chairman

T.N. Wijegunawardana (Retired DIG)

(up to 29.01.2015)

R. Meegaswatte (Appointed on 29.01.2015

to 18.12.2015)

Mr. P.M.Wickramasinghe

Director, Sri Lanka Navy

Mrs. M.A.Nandani

Director, Department of National Budget

Directors

Mr. R.R.R.A. Rupasinghe

**Additional Secretary, Minister of
Mahaweli Development and Environment**

Mr. G.M.Perera

(Member appointed by the Minister)

Mr. N.L.M.B.Liyanage

Parliament Secretary to the President

Mr. J.S.D.M.Asanka Abeywardana

Director, Ministry of Fisheries

Mr. A.W.Senevirathne

**Director General, Department of
Merchant Shipping**

Dr. P.B. Turney Pradeep Kumara

General Manager

Access to the Marine Environment Protection Authority

Head Office

Marine Environment Protection Authority
758 Baseline Road, Colombo 09
TP: 011 2687520/011 2690604/ 011 2690605
Fax: 011 2687451/011 4615960
E-mail : info@mepa.gov.lk Web: mepa.gov.lk

1 Western and North-Western Provincial Office and Colombo District Office

758 Baseline Road, Colombo 09.
TP: 011 2687520/011 2690604
Fax: 011 2687451/011 4615960

2 District Office – Kalutara District Marine Environment Protection Authority,

187/3 Galle Road, Beruwala.
TP: 034 2298407/071 8100821
Fax: 034 2298407

3 Southern Provincial Office and District Office, Galle

Marine Environment Protection Authority,
04 Clausenberg Road, Magalle, Galle.
TP: 091 2233547/071 8214184
Fax: 091 2233547

4 District Office – Matara District

Marine Environment Protection Authority,
18 Wilmott Balasuriya Avenue, Nupe, Matara.
TP: 041-2234250/071 4926849
Fax: 041 2234250

5 District Office – Hambantota District

Marine Environment Protection Authority,
46 Second Floor, Administrative Complex,
Siribopura, Hambantota.
TP: 047 2256372/071 3624651
Fax: 047 2256372

6 District Office – Ampara District

Marine Environment Protection Authority,
Pradeshiya Sabha Building, Village Council
Road, Thambiluvill
TP: 067 2265416
Fax: 067 2265416

7 Eastern Provincial Office and District Office, Trincomalee District

Marine Environment Protection Authority,
4th Mile Post, Trincomalee.
TP: 026 2050805/071 8383363
Fax: 026 2050805

8 District Office – Jaffna District

Marine Environment Protection Authority,
District Secretariat, Jaffna.
TP: 021 2212663
Fax: 021 2212663

9 District Office – Puttalam Marine Environment Protection Authority,
23 Ebert Silva Gardens, Colombo Road, Chilaw.
TP: 031 2222865/071 8099899
Fax: 032 2222865

10 District Office – Gampaha District

Marine Environment Protection Authority,
704/9A Second Kurana, Colombo Road,
Negombo.
TP: 031 2228606/071 8325678
Fax: 031 2228606

CHAIRPERSON'S MESSAGE

The Marine Environment Protection Authority established by the Marine Pollution Prevention Act No. 35 of 2008 works to prevent, mitigate and control marine pollution occurring in the marine zone of Sri Lanka. Action has been taken to achieve the objectives intended in establishing the Marine Environment Protection Authority under the Marine Pollution Prevention Act No. 35 of 2008 by formulating and implementing four regulations under section 51 of the Marine Pollution Prevention Act in order to formulate and implement efficiently and effectively the legal provisions necessary to achieve those objectives.

During the year, the Jaffna District Regional Office was established at the District Secretariat building of Jaffna as the tenth Regional Office of this Authority with a view to conducting the marine pollution prevention and control activities adequately and efficiently.

The National Marine Environment Symposium organized by the Authority aiming at stimulating a dialogue in the society towards saving the marine environment from the threats posed to it locally and globally was held on 18th and 19th November 2015 at the Sri Lanka Foundation Institute. The theme for

this year's event was "Blue Economy Emerging from the Blue Waters." Under this Theme, the Symposium was conducted in five sessions to cover all aspects associated with marine environment.

The Authority conducted a Coastal Clean-Up Programme parallel to the International Coastal Clean-Up Day headed by the President covering the fourteen coastal Districts of Sri Lanka from 19th to 23rd September, 2015. More than 50,000 people participated in this programme. This Programme was intended to create awareness among the whole population on impacts of dirtying the coast all over the island and it was possible to achieve the objective successfully.

Two workshops were conducted in Colombo on Annex V and Annex VI of the Marpol Convention. Delegates from India, Bangladesh Pakistan, Iran, Seychelles and Mauritius attended it and the International Marine Organization provided resource persons. It enabled the dissemination of updated knowledge pertaining to the Convention among all stakeholders.

Rear Admiral (Rtd) Rohana Perera
RSP,VSV,USP
Chairman



Vision

"Creating a pollution free marine environment around Sri Lanka for the sustainable development and the well being of its people and the economy"

Mission

"Be an agency with skills, competence, organizational structure and infrastructure framework necessary to prevent, control and manage marine pollution in Sri Lanka's environment through effective enforcement of regulations, implementation of relevant International Conventions, and coordination and mobilization of stakeholders and other resources, for sustainable management of marine environment for present and future generations."

1. Background

1.1 Introduction

As an island, Sri Lanka is located at a strategically important place in the Indian Ocean. According to the international laws, Sri Lanka is entitled to tap resources in a vast marine region eight times the size of its land area. International shipping routes linking the orient and the occident run along the ocean region belonging to our country. The territorial waters belonging to Sri Lanka is rich with many resources, which are gradually polluted due to navigation of ships and human activities on land.

As such, the Marine Pollution Prevention Authority was established in terms of the Marine Pollution Prevention Act No. 59 of 1981 in order to maintain our oceanic resources free of pollution. The new Marine Pollution Prevention Act No. 35 of 2008 was enacted for strengthening the legal powers vested in the Marine Environment Protection Authority for acting to prevent, mitigate and control marine pollution and for implementing international Conventions on marine pollution applicable to the Government of Sri Lanka and it was implemented with effect from 01 January 2009. According to this Act, the name of the Authority was changed as Marine Environment Protection Authority.

Developing Sri Lanka as a naval hub is one of the main objectives as per the vision of the new government which is came in to the power in 2015. In the presence of this

objective, construction of new harbors and improvement of existing harbors is also done. In addition, programmes are being formulated to tap the marine resources. Therefore, the contribution on the part of this Authority is necessary for minimizing the pollution that can occur through development measures and for maintaining the sustainability of these industries.

Accordingly, this Authority has been implementing many programmes as the institution assigned to minimize, mitigate and management of pollution of marine Environment.

1.2 Responsibilities and Functions of the Authority

Functions of the Authority

- (a) To effectively and efficiently administer and implement the provisions of the Act and the Regulations made thereunder.
- (b) To formulate and execute a scheme of work for the prevention, reduction, control and management of pollution arising out of ship-based activity and shore based maritime related activity in the territorial waters of Sri Lanka or its foreshore or the coastal zone of Sri Lanka.
- (c) To conduct research in collaboration with other departments, agencies and institutions in both government and private sector for the purpose of prevention,

reduction, control and management of pollution arising from any ship-based activity or shore-based maritime related activity in the territorial waters or any other maritime zones of Sri Lanka or its foreshore or the coastal zone of Sri Lanka.

(d) To take measures to manage, safeguard and preserve the territorial waters or any other maritime zone of Sri Lanka its foreshore and the coastal zone of Sri Lanka from being polluted by oil, harmful substances or any other pollutant.

(e) To provide adequate and effective reception facilities for oil, harmful substances or any other pollutant.

(f) To recognize and recommend adherence to all international conventions and relevant protocols dealing with marine pollution which the government of Sri Lanka has or may ratify, accept, accede or approve.

(g) To formulate and implement the national oil spill contingency plan.

(h) To oversee, regulate and monitor the conduct of the contractors service sub-contractors, and other persons conducting or engaged in exploration of natural resources of natural resources associated with petroleum or other related activities

(i) To create awareness amongst various community groups on the need to preserve the marine environment.

(j) To do all such other acts or things as may be necessary for the discharge of all or any of the above functions.

Powers of the Authority

(a) To effectively safeguard and preserve the territorial waters or any other maritime zone of Sri Lanka or its foreshore or the coastal zone from any pollution arising out of any ship based activity or shore based maritime-related activity.

(b) To conduct investigations and inquiries and to institute legal action in relation to any pollution, arising out of any ship based activity or shore based maritime-related activity.

(c) To control all sea transport of oil and bunkering operations that are carried out in the territorial waters or any other maritime zone of Sri Lanka or its foreshore or the coastal zone for the purpose of prevention of pollution.

(d) To acquire, hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of any movable or immovable property;

(e) To employ such officers and servants as may be necessary for the purpose of discharging the functions of the Authority;

(f) To enter into and perform directly or through any officer or agent authorized in that behalf, all such contracts as may be necessary for the discharge of the functions of the Authority;

(g) To appoint any person by name or office for the purpose of conferring all or any of the powers conferred on the Authority under the Act;

(h) To open, operate and maintain accounts in any bank or financial institution approved by the Board;

(i) To borrow such sums of money as may be necessary for the purpose of discharging the functions of the Authority;

(j) To accept and receive grants, donations and bequests of property both movable and immovable from sources in Sri Lanka and abroad and utilize them for the purpose of discharging the functions of the Authority;

(k) to make rules in respect of the management of the affairs of the Authority;

(l) To charge fees from any person or body of persons for any services provided by the Authority;

(m) To levy fees or charges in respect of all ships calling at Sri Lankan ports for the services provided by the Authority; and

(n) To do all such other acts or things as are necessary for the proper discharge of the functions of the Authority or are incidental to any of the powers specified in this Act or conferred on or assigned to the Authority

2. Administration Report

The Board of Directors guided and monitored the operational activities carried out for achieving the objectives expected through the implementation of the Corporate Plan 2012-2016 and the Annual Action Plan that were prepared aiming at the objectives of the Marine Pollution Prevention Act No. 35 of 2008. The Board of Directors further believes that by adopting good governance principles, long lasting benefits can be brought to stakeholders and the authority can be perform properly. The Board of Directors of the Marine Environment Protection Authority comprises ten (10) members.

The Administration Report has prepared base on the principles of corporate governance and the activities of the year under review in accordance with the guide for good governance published by the Chartered Accountants of Sri Lanka and principles and requirements of other administrative guiding issued by the Treasury and other relevant Authorities.

The attention of the Board of Directors was focused day-by-day towards improving the internal controls where necessary for ensuring that the principles of corporate governance are followed by responsible and transparent manner. The internal control structure is comprised of the Board of Directors, Audit and Management Committee, being its sub-committee, and a qualified senior Management team. The following Administrative Structure shows the manner in which internal control units

are used effectively through restructuring processes and methodologies.

2.1 Responsibility and Role of the Board of Directors

Using the capacities and decision making power that it possesses in the course of policy making and evaluation for the purpose of achieving the objectives specified in the Marine Pollution Prevention Act is one of the main responsibilities of the Board of Directors. The role of the Board of Directors is to implement strategies to achieve the long-term objectives. Technical and consultancy services had to be obtained from the experts in the field when necessary in executing these tasks.

It is the responsibility of the Board of Directors to practice good governance principles in order to achieve the targets expected by the Combined Plan, the Action Plan and the Budget Estimate.

The Board of Directors has appointed the Audit and Management Committee as a sub-committee to independently perform scrutinizing and monitoring to ensure effective and efficient performance of management and operational activities. This Committee mainly comprises non-executive Directors. This report contains the responsibilities and roles of the Audit and Management Committee.

2.2 Composition of the Board of Directors

The Board of Directors was comprised of 10 members as at 31.12.2014. Eight of them are non-executive Directors while the Chairman and the General Manager function as executive Directors

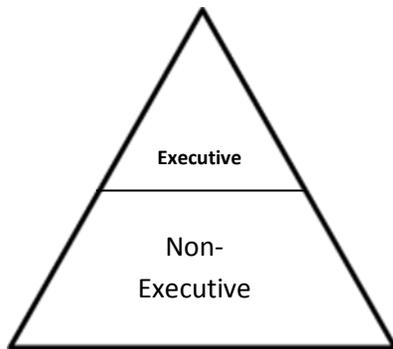


Figure 01

Mr. T.N. Wijegunawardana functioned as Chairman as up to the date of 29.01.2015 and thereafter Mr.Ranjith Meegaswatte functioned as the Chairman and they provided facilities and guidance for the proper conduct and smooth operation of the affairs the Board of Directors.

The executive and non-executive composition of the Board of Directors was kept in accordance with the provisions of the Marine Pollution Prevention Act No. 35 of 2008. Six of the non-executive Directors serving the Board of Directors are those representing four key Ministries, Navy Commander and the Director General of the Merchant Shipping Department. As such, Directors have been appointed to cover all the subject areas relevant to the scope of the Authority and these non-executive Directors perform a great role in bringing about coordination between those institutions.

2.3 Appointments and Retirements in the Board of Directors

During the financial year 2015 that is under review, two appointments were made to the Board of Directors while one retirement took place.

2.3 Meetings of the Board of Directors

During the year 2015, 11 Meetings of the Board of Directors were conducted. Necessary steps had been taken to send to the Board of Directors in time the Board Papers and other information necessary for making effective and efficient decisions.

2.4 Secretary to the Board of Directors

The Manager (Legal) of the Marine Environment Protection Authority functions as the Secretary to the Board of Directors. The Secretary to the Board of Directors provided the Board of Directors with necessary information in time and accurately adapting to the principles of good governance and legal requirements and managing more efficiently, in addition to keeping the records of the Board of Directors.

2. Report of the Audit and Management Committee

The Audit and Management Committee comprises three non-executive Directors, Mrs. Anoma Nandani representative of the Treasury, held its chair and Mr. R.R.A.R. Rupasinghe, Additional Secretary to the Ministry of Environment, and Mr. N.L.M.B. Liyanage appointed Member of the Board of Directors, were the Members of the Committee. In addition, Audit Superintendent in charge of the Ministry of Environment and Chief Internal Auditor of the Ministry of Environment attended the Meetings of the Audit and Management Committee as main observers. The General Manager and the Accountant as well as officers holding other relevant positions appeared before the Committee whenever necessary to give clarifications upon being summoned by the Audit and Management Committee.

The internal auditing activities were carried out by the Internal Audit Division. The operations within the purview of audit has been planned to be implemented within the year covering operational, financial, administrative and legal Divisions. In addition, the Auditor General's Department subjected the deficiencies existing in terms of operations, administration and finance as well as shortcomings in internal controls to evaluation, side by side with auditing the Financial Statements.

Measures were adopted to make the necessary rectifications by discussing the internal audit report with the management. The audit was planned and implemented to

obtain an assurance that the affairs of the Authority are conducted in accordance with the internal Circulars of the Authority, the Financial Regulations, the Establishments Code and other regulations. All the financial, administrative and operational activities including the preparation of the Financial Statements of the Authority, preservation and maintenance of the assets of the Authority and maintaining the liquidity of the Authority were subjected to audit in this endeavor. The Audit and Management Committee inspected the Financial Progress Reports prepared by the Accountant and submitted recommendations to the Chairman and the General Manager pertaining to the action that should be taken regarding it.

The Audit and Management Committee discussed with the Auditor General's Department their observations, conclusions and recommendations at its meeting. In addition, the Audit and Management Committee evaluated the facts unveiled by the internal audit reports and the effectiveness of the auditing methodologies and provided the instructions and guidance necessary to minimize the deficiencies. The Audit and Management Committee conducted meeting four times during the year.

**Records on the Meetings of the Board of Directors of the
Marine Environment Protection Authority in 2015**

	Name	Position Held by the Board of Directors	No. of Meetings of the Board
01	Mr. R. B. Meegaswatte	Chairman (Member appointed by the Ministry)- Executive Director	09/11
02	Mr. P.B. Turney Pradeep Kumar	General Manager Executive Director	08/11
03	Mr. R.A.R.R. Rupasinghe	Non- Executive Director	08/11
04	Mr. A.W. Senevirathna	Non- Executive Director	06/11
05	Mr. P. M. Wickramasinghe	Non- Executive Director	02/11
06	Mr. N.L.M.B.Liyanage	Non- Executive Director	10/11
07	Mrs. Anoma Nandani	Non- Executive Director	07/11
08	Mr. J.S.D.M.Asanka Abeywardana	Non- Executive Director	01/11
09	Mr. G. Mahendra Perera	Non- Executive Director	06/11

**Records on the Meetings of the Audit and Management Committee of the
Marine Environment Protection Authority in 2015**

	Name	Position Held in the Board of Directors	No. of Meetings of the Audit and Management Committee
01	Mrs. Amona Nandani	Chairman	03/03
02	Mr. N.L.M.B.Liyanage	Member	01/03
03	Mr. R.A.R.R. Rupasinghe	Member	02/03
04	Mr. G.S.S.G. Perera	Observer	02/03
05	Mr. L.D.N. Kumarasiri	Observer	03/03
06	Mr. K.K.S.Jayakody	Observer	01/03

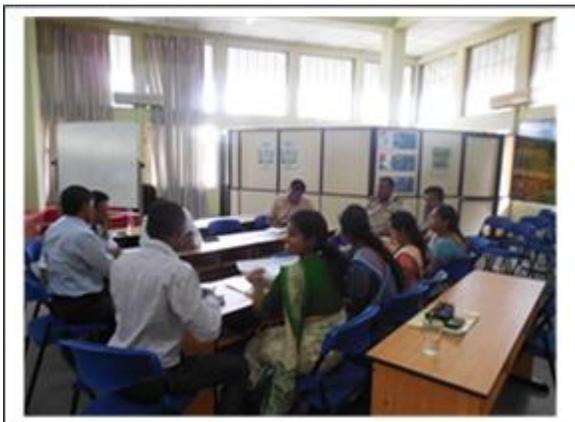
(On behalf of Mrs G.S.S.G.Perera Mr. K.S.Jayakody was appointed as observer of Audit and Management Committee with effect from 31.12.2015)

4. Review of Operations

Implementing the National Oil Spill Contingency Plan

In terms of the provisions of the Marine Pollution Prevention Act No. 35 of 2008, the Marine Environment Protection Authority is tasked with the implementation of the National Oil Spill Contingency Plan in an occurrence of a sudden oil spill in the Sri Lankan waters. In 2015, 23 workshops were conducted at District level and information necessary for updating plans was gathered.

A two-day workshop on immediate response in a sudden oil and chemical spill was conducted on 14th and 15th of May, 2015 at the Central Environmental Authority. Delegates representing the Fire Brigade, the Ministry of Defense, the Sri Lanka Ports Authority, the Sri Lanka Navy, the Ceylon Petroleum Corporation, the Disaster Management Centre, the Ministry of Health, the Central Environmental Authority and the Marine Environment Protection Authority attended the workshop.



Highlights of the Workshop on Incident Command system



Highlights of the Workshop on Incident Command system

A three-day workshop on the Incident Command System was conducted for the members of the Incident Management Team, which has been established according to the National Oil Spill Contingency Plan on 28th, 29th and 30th of October, 2015 at the Sri Lanka Foundation Institute. All the members of the Incident Management Team attended this workshop, which was held under the Coordination of the Disaster Management Centre.



Highlights of the Workshop on Incident Command system

Opening of the Jaffna District Office

The Authority works to establish District Offices covering fourteen Districts in the coastal zone of Sri Lanka. Nine had been established by 2015. Establishing the Jaffna District Office housed at the Jaffna District Secretariat Building as the tenth such one was done in March 2015. It is a victory the Authority has achieved by commencing in the Jaffna District those activities which the Authority carries out in other littoral Districts in this manner.



First Meeting held after the Jaffna District Office was Declared Open

Marine Environment Protection (Issue of Permits for Disposal in the Sea)

The Regulations issued in accordance with the Marine Pollution Prevention Act No. 35 of 2008 with a view to minimizing disposal of waste in the ocean and encouraging the disposal of waste only after treating were proclaimed as Marine Environment Protection (Issue of Permits for Disposal in the Sea) Regulation No. 01/2013 and implemented with effect from the year 2013.

As such, monitoring activities necessary for issuing permits through all Regional Offices are carried out. All hotels and factories located within a distance of 300 metres from the sea in Colombo, Gampaha, Kalutara, Puttalam, Galle, Matara, Hambantota, Trincomalee, Ampara and Jaffna Districts are inspected under this. Accordingly forty such permits were issued in the year 2015 applications for other permits are being assessed.



Obtaining Samples of Waste Water Discharged from Hotels and Factories



Determining the Quality of Waste Water

Bunkering Licenses

Nine ships got registered for bunkering operations in the year 2015. Licenses were mainly issued for supplying bunker fuel to ships that arrive in the Colombo port and Hambantota Port.

Ships Registered for Bunkering:-

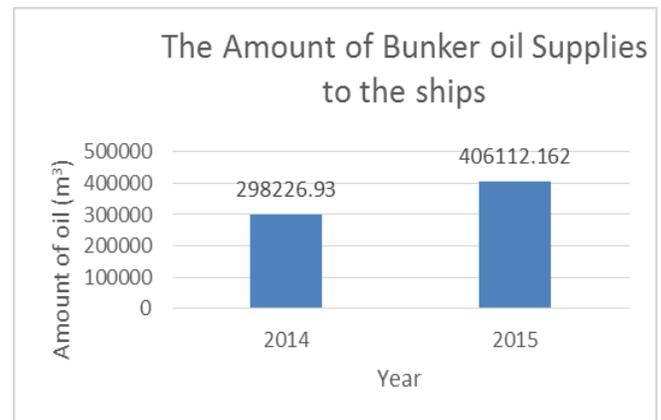
1. MT SHERMAC
2. MT SEA FALCON
3. MT KANDY
4. MT LM KELANI
5. LMS DIYALUMA
6. LSM LAXAPANA
7. LMS DUNHIDA
8. MT MADURU OYA
9. MT LM NILWALA

Eight Institutions obtained registration for carrying out bunkering operations in the year 2015.

Lanka IOC plc and Magampura Port Management Company (Pvt) Limited have been issued licenses for maintaining oil storage facilities on land.

Similarly, the Jayasundara Motors obtained the Road Tanker Clearance Certificates pertaining to the supply of bunkering oil using Bowser tankers.

Institutions that had been registered in the year 2015 have supplied 406,112.162 cubic meters of oil to ships.



The total income generated from the issue of bunkering licences in the year 2015 was Rs. 1,629,000.00.

In addition, an awareness workshop was conducted on 31 August 2015 at the Mahapola Training Institute belonging to the Sri Lanka Ports Authority for members of the relevant institutions regarding the manner in which bunkering operation activities should be carried out so that no harm is caused to the marine environment.

Providing Reception Facilities for Waste Generated in Ships

This service is operated for preventing marine pollution originated by ships. Facilities are provided for the proper disposal of burnt oil, solid waste and faecal waste generated in ships. Steps have been taken to introduce a new methodology which uses the Internet with a view to ensuring proper functioning of this service further and it is at the negotiation level.

28 service-provider organizations were registered for providing reception services

for waste generated in ships in the year 2015.

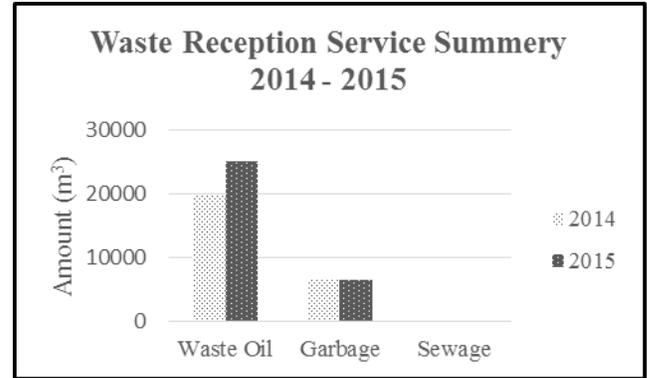
Waste reception service was provided to 1308 ships in the year 2015.



The amounts of waste removed from ships in the year 2015 are as follows:

Type	Quantity (m ³)
Burnt oil	24,911.547
Solid waste	6,441.438
Faecal waste	125

The quantity of waste received in the year 2015



The total income generated in the year 2015 from registration fees and issuing of licences was Rs. 1,058,900.00.

A workshop was conducted on 2 March 2015 for educating shipping agencies on the new methodology intended to be commenced in due course.

Workshops were also conducted on 3 March 2015 and 27 May 2015 to educate the waste reception service providers on how to operate the waste reception service in a proper manner and on the new methodology intended to be started in future.

School Marine Groups Awareness Programmes

This programme operates through ten District Offices of the Marine Environment Protection Authority established in ten coastal Districts all around the country - namely Colombo, Gampaha, Puttalam, Jaffna, Trincomalee, Ampara, Hambantota, Matara, Galle and Kalutara Districts.

245 school ocean groups have been established by now consisting of

schoolchildren having an interest in the marine environment from Grades 8, 9 and 10 in schools in coastal areas. Awareness is raised through various programmes targeting such groups.

The objective of this programme is to enlighten schoolchildren on the importance of the marine environment and the importance of preventing marine pollution and its effects in order to create an environmental friendly student population.

Regional Office	Number of School Marine Groups	No. of Schools in which Awareness Programmes were Conducted
Colombo	13	11
Negombo	25	20
Chilaw	32	28
Jaffna	05	05
Trincomalee	35	35
Ampara	08	08
Hambantota	35	17
Matara	33	32
Galle	35	13
Kalutara	24	16
Total	245	185



An awareness programme for schoolchildren in Kalutara



An awareness programme for schoolchildren in Kalutara



An awareness programme for schoolchildren in Chilaw



An awareness programme for schoolchildren in Jaffna

185 awareness programmes were conducted for schoolchildren in the year 2015. School Marine groups were educated on the importance of marine environmental systems and why they should be protected, and topics such as marine species and threats they encounter at present, invasive marine species, marine pollution, marine pollutant sources and ways of minimizing them, 5-R concept, ballast water threat and continental drift.

In addition, a series of poster, painting and prose and verse writing programmes was conducted on the theme “Blue Economy Emerging from the Blue Waters” in the year 2015 with a view to creating an attitudinal improvement in schoolchildren and prizes and certificates were awarded for winning entries.

World Ocean Day 2015

Every year the World Oceans Day is celebrated on June 8th. Our Authority celebrated this day together with the world’s community as in the previous years. As such, the national programme to mark the World Oceans Day was conducted at the Auditorium of the Sri Lanka Foundation Institute on 6th June 2015 from 8.30 a.m. to 1.00 p.m. with the participation of distinguished guests headed by the Hon. Patali Champika Ranawaka, Minister of Power and Energy, and the Hon. Ranjith Siyambalapitiya, State Minister of Mahaweli Development and Environment.



Lighting the Traditional Lamp



Invitees

A series of lectures were conducted at this programme on the importance of the marine environment, on how to maintain it sustainably, and on how to keep the marine environment free of environmental pollution. The Keynote Address of this event titled “Healthy Oceans, Healthy Planet” was delivered by Prof. Devaka Weerakoon of the Department of Animal Sciences at the University of Colombo. Captain Nalaka Jayakody, Professor of CINEC delivered a lecture on “Shipping and Marine Environment”. More than 200 persons including University Lecturers, officers of government and non-government institutions and schoolchildren attended the programme.



Prof. Devaka Weerakoon delivering his address.



Lecture by Prof. Captain Nalaka Jayakody

Distribution of prizes and certificates to winners of island-wide prose and verse writing competition conducted among schoolchildren was also conducted at this event while the Hon. Patali Champika Ranawaka launched the Sath Samudura” annual magazine published by the Authority. Students of the Sri Sumangala College, Panadura staged a play titled “Mora” (=Shark) during the programme.



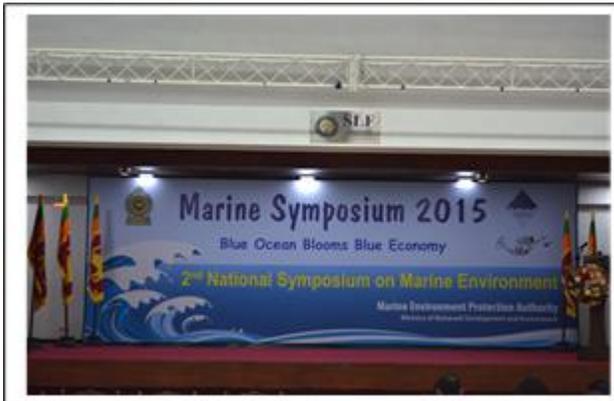
Awarding certificates and prizes to winners of the competitions



A scene from “Mora”

Second National Marine Environment Symposium- 2015

The Marine Environment Protection Authority conducted the Second Marine Environment Symposium in Sri Lanka on 18th and 19th November 2015 at the Sri Lanka Foundation Institute with the participation of scientists, researchers, legal draughtsmen and officers from state and non-state institutions with a view to creating a dialogue for protecting the marine environment and eliminating threats to the marine environment.



Lighting the Traditional Lamp



Welcome Speech – Dr. Turney Pradeep Kumara, General Manager, Marine Environment Protection Authority



Keynote Address by Dr. Ananda Mallawathanthri, IUCN Country Representative of Sri Lanka

The Symposium continued for two days with the participation of a phalanx of academics including Dr. Anil Premarathna, Chairman of NARA, Mr. Prabhath Chandrakeerthi, Director General of the Coast Conservation and Coastal Resources Management Department, Dr. W.K.B.N. Prem, Director General of the Geological Survey and Mines Bureau and Mr. M.P.N.M. Wickramasinghe, Director General of the National Gem and Jewellery Authority and various academics interested in marine environment, University Teachers, University students, environmentalists, professionals in the shipping sector, researchers and scientists.



Invited guests who were gathered at the event

This Symposium consisted of five sessions under the Theme “Blue Economy Emerging from the Blue Waters”. The first session was on ocean ecosystems, the second on marine environment associated with

shipping and oceanic navigation, the third on sustainable management of fishery and fish resources, the fourth on marine environment pollution and the laws and regulations associated with it and the final session was on management of oceanic and coastal resources. Dr. K. Arulananthan, Dr. Kamal Ranatunga, Prof. Ruchira Kumaratunga, Dr. Dan Malika Gunasekara and Prof. M.J.S. Wijayarathne each delivered a presentation during the sessions respectively. Also, a large number of research papers of academics who conducted researches associated with those sectors were submitted.



Researchers presenting their research papers



Marine Environment Researchers’
Collective

Many meaningful dialogues also emerged from the presentations. At the end of all discourses, an initiative was taken to establish a collective group of researchers associated with marine environment was also launched. With that the second National Marine Environment Symposium came to a conclusion in a very successful manner.

National Coastal Clean Up Programme

The third Saturday in September of each year is celebrated as the coastal clean-up day in order to convince people of the importance of protecting the marine environment. The National Coastal Clean-Up Programme organized by the Marine Environment Protection Authority to coincide with the international event was held from 19th to 23rd September, 2015

covering all the fourteen coastal Districts around Sri Lanka. Its formal function was commenced under the aegis of President His Excellency Maithripala Sirisena at the Galle Face on 19th September 2015 at 07.00 a.m.

Officers representing the Presidential Secretariat, Ministry of Mahaweli Development and Environment and other Ministries, members of non-governmental organizations and schoolchildren attended it.

The programme was conducted on 19th in the Western Province, on 20th in the North Western Province, on 21st in the Northern Province, on 22nd in the Eastern Province and on 23rd in the Southern Province within the month of September.

District	No. of participants	Distance of Clean-Up (km)
01.Colombo	2,577	22.5
02.Kalutara	2,683	30.0
03.Gampaha	1,714	42.0
04.Puttalam	7,576	102.7
05.Jaffna	10,921	220.2
06.Mulativu	3,800	40.0
07.Trincomalee	6,450	150.0
08.Batticaloa	4,034	119.4
09.Ampara	5,005	110.0
10.Galle	2,967	26.0
11.Matara	903	27.0
12.Hambantota	4,800	125.0
13.Mannar	410	110.0
14.Kilinochchi	2,800	40.0



Scene from coastal clean-up in front of the Kochchimale Church in Kalutara



Schoolchildren in operation on the Palliyawatta beach at the Gampaha to Kelani River Estuary coastal clean-up

The collected waste was disposed in a proper manner with the support of the Central Environmental Authority and the local authorities in the relevant Districts.

The main objective of the implementation of this programme is to take steps to prevent the pollution on the beach by drawing the attention of the general public towards the protection of the marine environment.



Scene from the Clean-Up along the Coastal belt from Chilaw to Naththandiya



Schoolgirls in action on the beach of Dewata, Galle

In addition, a sample analysis was also done on the waste so collected and this enabled the establishment of a database on waste accumulating on the coastal belt, which can be called a fruitful result achieved through this programme.



Waste collected from the Kudawella beach in Hambantota packed and stacked



Scene from the beach clean-up on Kinniya beach in Trincomalee

The workshop on 5th and 6th Annex of MARPOL

Two workshops were conducted at the Galadari Hotel in Colombo regarding Annex V and Annex VI of the Marpol Convention under the aegis of International Maritime Organization.

The first workshop on the Annex VI of the Marpol Convention was conducted on 16th, 17th and 18th June 2015. Sixteen delegates from India, Bangladesh Pakistan, Iran, Seychelles and Mauritius as well as representatives from Sri Lankan government institutions attended it. The inaugural ceremony of the conference was conducted under the auspices of the Hon. Wijedasa Rajapakse.

A dialogue on exchange of technical cooperation with regard to air pollution caused by ships as specified in the Annex VI of the Marpol Convention was also conducted.

The workshop was chaired by Mr. Theofanis Karayannis of the International Maritime Organization and Mr. Zabiholla Bazari and Archana Reddy functioned as resources persons.

Among the topics discussed during this workshop were international regulations for the prevention of pollution caused by ships, prevention of air pollution caused by ships, emission of greenhouse gases during international shipping activities, regulations on energy efficiencies of ships, designing of shape and technical energy efficiency measurements for enhancing energy efficiencies in ships, green harbours

concept, use of alternative fuels and specially matters associated with implementation and enforcement of Annex VI of the Marpol Convention. These discussions were very important for the exchange of technical knowhow between countries in the region.

The second workshop organized under the aegis of International Marine Organization was conducted for state and non-state institutions of this country. The workshop on Prevention of pollution caused by waste generated from ships under Annex V of the Marpol Convention was held on 5th and 6th October 2015.



Officers from the Ministry of Trade and Shipping, Colombo Dockyard (Private) Limited, Coast Conservation and Coastal Recourses Management Department, Ministry of Fisheries and Aquatic Resources as well as our Authority participated in it.





Problems faced by the institutions concerned were also subjected to discussion during the workshop, which mainly aimed at educating the stakeholders on the new amendments to this International Convention, to which Sri Lanka is also a signatory.



5 Service and Responsibility of Administration, Legal, Human Resources Development, Internal Audit and Financial Divisions.

5.1 Administration Division

Management of the overall personnel of the staff of the Marine Environment Protection Authority from commencement to termination of service and facilitating the functioning of other Divisions are the responsibility of the Administration Division. The Administration Division functions under the guidance of the General Manager, who is the Chief Executive Officer of the Authority.

1. An officer was appointed to the post of Assistant Manager (Legal), which had remained vacant for a few years, and recruitment was also done for the post of Office Assistant.
2. Three double cabs worth 18 million rupees were received from the Treasury as grants, intended for the proper and efficient functioning of the running operations of the Authority.
3. Office equipment worth 2.5 million rupees was purchased during the year and one million rupees worth water quality testing equipment and laboratory instruments were acquired.

5.2 Legal Division

1. Further discussions were held with the Attorney General's Department with regard to legal action pertaining to the pollution caused to the marine environment by the ship "Thermophylae Sierra" in August 2012 and the final report has been handed over to the Attorney General by now.

2. Legal Division was taken to recover the expenditure borne by the Authority to control the marine environment pollution caused by a pipeline belonging to a private firm on the Calido Beach in Kalutara

3. When Negombo Police arrested three persons who disposed a consignment of waste of a weight of 7.5 tons to an area in the vicinity of beach associated with Thaldiyawatte in Uswetakeyyawa, action was taken to indict them before the High Court under criminal liability as per the provision at the Act.

4. All the drafts of regulations that should be published under the Act have been handed over to the Legal Draughtsman's Department and discussions are underway to finalize them. Steps will also be taken to incorporate newly proposed amendments to overcome the lacuna in the present Act and will be forwarded to the line Ministry.

5.3 Internal Audit Division

When looking at the other Divisions of the Authority, it can be shown that the Internal Audit Division is in a unique position.

The Internal Audit Division has been established to function under the guidance and direct supervision of the Chairman of the Authority. The Internal Audit Division functions according to the Audit Plan and Audit Programme, which are prepared annually, and conducts surveys on the effective functioning of the Finance, Operations, Administration and Legal Divisions of the Authority. Internal Audit Reports prepared based on the observations and finds of these surveys are submitted for the attention and decision of the Chairman.

The following tasks are involved in this regard:

- 1 Scrutinizing the internal control methodology established for the prevention of malpractices and frauds.
- 2 Scrutinizing the financial control methodology to ascertain whether any financial activity is carried out in an honest and fair manner.
- 3 Monitoring whether the duties and functions assigned to the employees are carried out efficiently and effectively.
- 4 Monitoring whether the fixed assets of the Authority that are used for operational and administrative activities of the Authority are used efficiently and effectively.

- 5 Monitoring whether the activities are in accordance with the state policies, laws and rules, and the internal rules of the Authority.
- 6 Conducting special investigations where necessary.

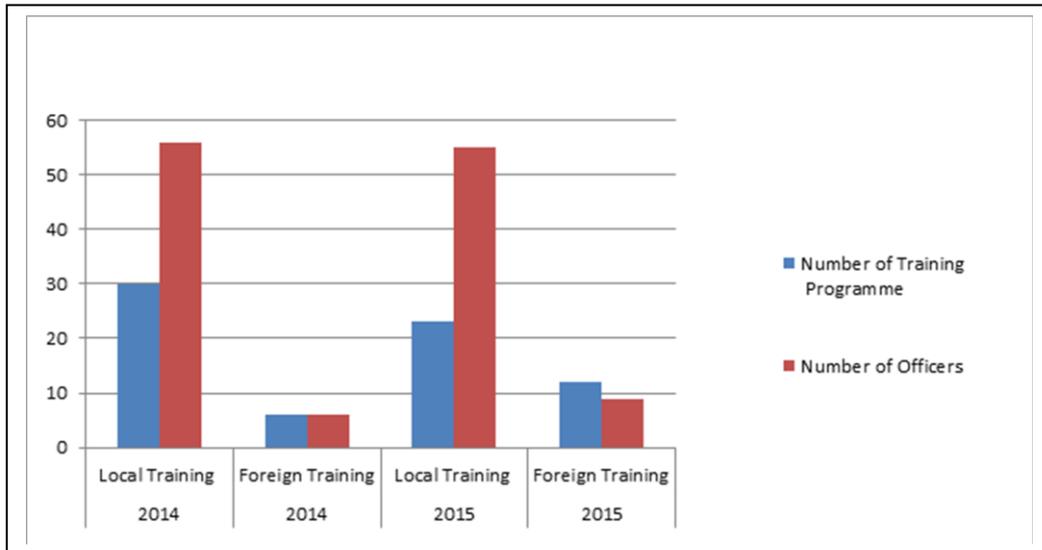
According to the Internal Audit Programme, not only the main Divisions but also Regional Offices are subjected to audit. Conducting an audit and management meeting every quarter is one of the main functions among the audit activities of this Division. This Committee can be termed as a consultative committee of the Board of Directors. The Committee held three meetings during the year 2015 and submitted its minutes to the Chairman, the General Manager and relevant Divisions for necessary action.

5.4 Human Resources Development Division

The responsibility of the Human Resources Development Division is to train all members of the staff of the Marine Environment Protection Authority to enhance their capacity and ability. This Division was established in 2011 as a separate Division of the Authority. The Division formulates and implements future plans for the development of human resources. The Division functions under the sole guidance of the General Manager, who is the Chief Executive Officer.

Responsibilities of the Division:

1. Identifying the training needs for the enhancement of the capacity and ability of the staff of the Authority, identifying resource persons for training, preparing the local/foreign training plans and directing members of the staff to the identified training courses.
2. Monitoring whether the members of staff who follow training are obtaining the training properly or whether shortcomings exists and formulating and implementing strategies to overcome such shortcomings.
3. Evaluating the Annual Progress Reports of the staff.
4. Making arrangements to grade and promote employees.
5. Providing information sought by external parties and the line Ministry on staffs and institutional functions, subject to the approval of the General Manager.
6. Conducting staff welfare activities.



5.5 Financial Division

The Financial Division of the Marine Environment Protection Authority holds the responsibility for its financial management functions. The Financial Division deploys financial resources for all the economic and financial activities that affect the Marine Environment Protection Authority and distributes financial resources for the achievement of all objectives. The main objectives of the Financial Division are to supply of financial services of the Authority in an efficient and effective manner, provide guidance for it, carry out coordination activities and control financial resources of the Authority by constant monitoring.

Activities

1. Preparing annual budget estimates
2. Preparing Financial Statements
3. Presenting reports on Financial Statements and reports on monthly budgets
4. Keeping reports for salaries and emoluments and making payments
5. Keeping projects active
6. Making all payments
7. Accounting activities on loans and advances
8. Coordination with banks
9. Coordination with the Auditor General's Department
10. Carrying out management and other activities pertaining to investments.

Special Activities Conducted during the Year

01 The Authority was able to derive an interest income of Rs. 624,405.33 by investing balances existing in the current account in one-day call deposits.

5.5.6 Financial Progress Report Recurrent Expenditure for the year 2015

Object Code	Object Description	Estimate for 2015	Actual Expenditure as at 31.12.2015	Balance as at 31.12.2015
	Recurrent Expenditures			
	Personal Emoluments			
1001	Salaries and wages	82,647,000.00	82,159,052.32	487,947.68
1002	Overtime and holiday pay	2,100,000.00	880,966.23	1,219,033.77
1003	Other allowances	1,128,000.00	524,250	603,750.00
	Total	85,875,000.00	83,564,268.55	2,310,731.45
	Travel Expenses			
1101	Local	3,943,000.00	2,236,337.30	1,706,662.70
1102	Foreign	2,900,000.00	1,982,156.45	917,843.55
	Total	6,843,000.00	4,218,493.75	2,624,506.25
	Supplies			
1201	Stationery and office requisites	3,200,000.00	1,309,150.88	1,890,849.12
1202	Fuel	2,500,000.00	1,550,054.44	949,945.56
1205	Other	350,000.00	179,500.00	170,500.00
	Total	6,050,000.00	3,038,705.32	3,011,294.68
	Maintenance Expenditure			
1301	Vehicles	4,246,000.00	3,261,544.66	984,455.34
1302	Machinery and equipment	1,700,000.00	1,436,752.57	263,247.43
1303	Buildings and constructions	500,000.00	193,058.22	306,941.78
	Total	6,446,000.00	4,891,355.45	1,554,644.55
	Services			
1401	Transport	-	-	-
1402	Post and communication	2,190,000.00	1,403,270.06	786,729.94
1403	Electricity and water	3,568,000.00	2,948,663.57	619,336.24
1404	Tax, rents and rates to local authorities	11,490,000.00	10,937,146.22	552,853.78
1405	Other recurrent expenditures	5,222,000.00	4,170,745.32	1,051,254.68
	Total	22,470,000.00	19,459,825.17	3,010,174.64
	Grand Total of Recurrent Expenditures	127,684,000.00	115,172,648.43	12,511,351.57

5.5.7 Financial Progress Report – Capital Expenditure for the year 2015

Object	Object Description	Estimte for 2015	Actual Expenditure as at 31.12.2015	Balance as at 31.12.2015
	Rehabilitation and Improvement of Capital Assets			
2001	Buildings and constructions	1,000,000.00	791,631.18	208,368.82
2002	Plant, machinery and equipment	1,000,000.00	387,942.05	612,057.95
2003	Vehicles	2,000,000.00	1,058,969.59	941,030.41
	Total	4,000,000	2,238,542.82	1,761,457.18
	Acquisition of Capital Assets			
2101	Vehicles	-	-	-
2102	Furniture and office equipment	800,000.00	201,733.23	598,266.77
2103	Machinery and equipment	1,000,000.00	88,500.00	911,500.00
	Total	1,800,000	290,233.23	1,509,766.77
2502	Other Capital Expenditure	1,850,000.00	1,182,724.00	667,276.50
	1 NOSCOP Implementation	3,300,000.00	959,260.75	2,340,739.25
	2.Strengthen Regulatory regime	1,700,000.00	628,793.92	1,071,206.08
	3. National Water quality monitoring Programme	10,850,000.00	4,150,775.36	6,699,224.64
	4.Waste Reception Service	500,000.00	487,038.36	12,961.64
	5. Bunkering	100,000.00	43,075.00	59,925.00
	6. National project on Pollution prevention from fishery industries	2,000,000.00	419,188.61	1,580,811.39
	7. Improvement of Laboratory facilities	5,000,000.00	758,008.49	4,241,991.51
	8. Joint research project with AEA	300,000.00	142,907.00	157,093.00
	9. National Marine Debris Management Project	2,903,000.00	1,103,568.66	1,799,431.34
	10. The Clean beach city project Beach Management Project	1,300,000.00	244,845.00	1,055,155.00
	11. Awareness building on marine Environment	13,701,000.00	12,169,894.80	1,531,105.20
	12. Commemoration on National events	6,300,000.00	2,253,661.45	4,046,338.55
	13. Asees marine Pollution impact to marine ecosystem	560,000.00	193,564.00	366,436.00
	14 . Marine Ecosystem Restoration project for Climate change adaption	2,400,000.00	110,075.00	2,289,925.00
	15. Offshore oil exploration	100,000.00	-	100,000.00
	17 .Establish Regional Offices	1,200,000.00	55,691.00	1,144,309.00
	18. Use modern Technology to marine environment protection	-	-	-
	19. Field Visit and Regional Office Inspection	136,000.00	73,950.50	62,049.50
	Total	52,350,000.00	23,794,297.90	28,555,702.10
	Total of Capital Expenditure	60,000,000.00	27,505,797.45	32,494,202.55
	Total of Capital and Recurrent Expenditure	187,684,000.00	142,678,445.88	45,005.554.12

6 Financial Statements of the Authority

6.1 Accounting Policies

6.1.1 Corporate Information

The Marine Environment Protection Authority has been established as a statutory institution under the Marine Pollution Prevention Act No. 35 of 2008. Its Head Office is located at No. 758, Baseline Road, Colombo 09.

6.1.2 Key Function and Nature of Operations

The key functions of the Marine Environment Protection Authority are to prevent, control and manage marine pollution in Sri Lanka's marine regions in order to manage its marine environment sustainably for the benefit of the present and the future effectively through enforcement of regulations, implementation of the provisions of international Conventions, and coordination and deployment of stakeholders and resources.

6.1.3 General Accounting Policies

6.1.3.1 Basis of Preparation of Financial Reports

The Financial Statements of Marine Environment Protection Authority comprise the Statement of Financial Position, the Statement of Financial Operations, the Statement of Changes in Net Assets and Equity, the Cash Flow Statement, the Accounting Policies and the Notes to the Financial Statements. These statements are

prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

Marine Environment Protection Authority has been following the Sri Lanka Public Sector Accounting Standards with effect from the year 2010 for preparation and presentation of its financial statements although SLPSAS took effect only in the year 2011.

The Financial Statements have been presented in accordance with SLPSAS 01 and where public sector standards have not been issued, generally accepted Accounting Standards have been applied for preparation of Financial Statements.

6.1.3.2 The Financial Statements of the Marine Environment Protection Authority for the year 2015 have been prepared on historical cost basis with generally accepted accounting principles.

6.1.3.3 No adjustments have been made for the inflationary factor affecting the accounts.

6.1.3.4 Income and Expenditure have been accounted on accrual basis.

6.1.3.5 Liabilities are recognized in the balance sheet when there is a present

obligation arising as a result of past activities only when the settlement is expected to result in an outflow of resources embodying economic benefits.

6.1.3.6 Obligations payable at the demand of the creditors from the date of the Financial Statement and liabilities payable within one year from such date are treated as current liabilities in the Statement of Financial Position.

6.1.3.7 Obligations not payable at the demand of the creditors or payable in more than one year are treated as noncurrent liabilities in the Statement of Financial Position.

6.1.4 Property, Plant and Machinery

6.1.4.1 Property, plant & machinery are recorded based on their cost. Their depreciation is calculated on straight line basis for the duration of their useful life commencing from the moment of use. The rates used to depreciate them are as follows:

Assets	Rate of Depreciation
Motor Vehicles	20%
Computers and related Equipment	15%
Office Equipment	15%
Furniture and Office Equipment	10%
Lab Instruments & Technical Equipment	10%
Books and Publications	10%

6.1.4.2 Depreciation of properties, plant and equipment begins when they are available for their intended use and depreciate on straight line basis over their useful life.

6.1.5 Revenue

The main income of the authority is grants received from the Government of Sri Lanka. In addition, there is a considerable operational income generated by the authority by issuing licences for the following activities:

1. Providing waste reception facilities for ships,
2. Issue of permits for mineral oil exploration
3. Issue of permits for Bunkering Operations
4. Approving Oil Spill contingency plans.
5. Issue of licences for disposal of waste.

6.1.5.1 Income generated by the Authority

The income generated by the authority is recognized on accrual basis.

6.1.5.2 Grants received from the Government

The authority receives two types of grants, namely capital and recurrent. The accounting policy adopted in respect of grants is given below:.

6.1.5.3 Capital Grants

6.1.5.4 Government grants received for acquisition or construction of property, plant & equipment are recognized as income over the period of useful life of such property plant & equipment.

6.1.5.5 Although grants received for activities connected with prevention of Sri Lankan marine pollution naturally generate intangible assets, it does not meet the criteria for recognizing Intangible Assets and therefore the grants for expenditure in relation to the marine pollution prevention activities are recognized as income in the year in which such activities are performed.

6.1.5.6 Recurrent Grants

Grants received for recurrent expenditure are recognized as income in the same year in which they are received.

6.1.6 Employee Benefits

6.1.6.1 Defined Contribution Plans

Expenses pertaining to the liabilities of the compulsory contribution plan are recognized as expenses in the period in which they incur. The MEPA contributes equivalents to 15% and 3% of gross emoluments of Employees to the Employees' Provident Fund and the Employees' Trust Fund respectively..

6.1.6.2 Defined Benefit Plan

Gratuity is a defined benefit plan. The Statement of Financial Position carries a provision for this liability. The MEPA is liable to pay gratuity in terms of the relevant

statutory provisions. Statement of Financial Position contains a provision for this liability. This amount is calculated by multiplying the sum of half the final basic salary of the employee by the number of years of service. The period of years of service is counted from the first year of the service. Provisions have been made for all employees in terms of Gratuity Payment Act No. 12 of 1983. This provision is shown under non-current liabilities in the Statement of Financial Position.

6.1.7 Comparative information

Where necessary, comparative figures have been rearranged to confirm the current year's presentation.

6.1.8 Events Occurring after the Balance Sheet Date

All material post Balance Sheet events are considered and where adjustments or disclosures are necessary, the relevant information has been made available in the form of notes to the Financial Statements.

6.1.9 Cash flow Statement

Cash Flow Statement has been prepared using the indirect method

6.1.10 Currency of Record and Presentation

The financial Statements are presented in Sri Lankan Rupees, which is also the MEPA's currency of record.

6.1.10.1 Stock (Inventory)

The stock used during the year has been transmitted to the Financial Statement based

on their costs. The yearend stock has been valued at the cost or the net value, whichever is the lower realizable.

6.1.10.2 Library Books

Library books have been recorded at their cost. They are depreciated based on straight line method over their useful life.

6.1.10.3 Chemicals and Glassware Stocks

The policy followed by the Authority pertaining to chemicals and glass instruments is to transfer the total cost of purchasing the chemicals and glass instruments to the Statement of Financial Operations in the year of purchasing.

The reasons for using this method are the practical difficulty existing in accurately calculating the stocks of chemicals at the end of the year and the glassware having to be removed from use within a very short time. However, the laboratory maintains a separate ledger for chemicals and glass instruments.

6.2 Statement of Financial Position

Marine Environment Protection Authority

Statement of Financial Position

As at 31st December 2015

<u>Assets</u>	Note	2015 Rs.	2014 Rs.
<u>Current Assets</u>			
Cash in hand	10	29,181,624.75	31,857,634.23
Debtors	11	60,152.52	47,257.00
Deposits	12	2,091,000.00	2,029,500.00
Pre-Payments	13	1,666,487.02	2,071,779.69
Short Term Investment (Treasury Bills)		14,750,372.00	13,916,147.26
Staff loans recoverable	14	4,806,479.09	5,159,503.18
Inventory	23	3,858,594.00	3,858,594.00
<u>Non Current Assets</u>			
Property, Plant & Equipment	09	65,831,860.85	64,955,616.96
Total Assets		122,246,570.23	123,896,032.32
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Payables	15	9,409,665.57	15,543,605.37
EIA Project Deposits	21	-	447,043.50
Income pre-received	22	773,082.19	1,453,219.18
<u>Non Current Liabilities</u>			
Distress loan funds	16	7,241,779.43	6,984,853.28
Provision for Gratuity	17	10,931,250.00	9,135,060.00
Total Liabilities		28,355,777.19	49,079,931.46
Net Assets		93,890,793.04	74,816,100.86
<u>Equity</u>			
Government Grants and Capital (Deferred Grants)	18	65,831,862.16	64,955,616.55
Capital Expenditure on work in progress	24	25,207,173.31	19,530,151.57
Capital Input for Stocks	23	3,858,594.00	3,858,594.00
Accumulated Surplus (Deficit)	19	16,350,374.68	15,516,150.13
Total Equity		93,890,793.04	74,816,100.86

6.3 Statement of Financial Performance

Marine Environment Protection Authority Statement of Financial Performance for the Year Ended 31 December 2015

Income	Note	2015 Rs.	2014 Rs.
Treasury Grants	1	141,168,735.17	100,052,473.75
Registration and Licence fees	2	12,959,886.99	12,038,930.82
Other revenue	3	2,958,002.39	2,619,793.00
Total revenue		157,086,624.55	114,711,197.57
Expenditures			
Salaries and wages	4	85,360,458.55	55,794,565.26
Supplies and consumables	5	7,930,060.77	6,539,776.55
Other recurrent expenditure	6	23,643,759.11	19,865,034.64
Grant and other transfers	7	27,847,538.73	24,906,853.19
Financial expenses	8	34,560.00	35,430.00
Depreciation of fixed assets	9	16,099,196.51	12,525,120.63
Total Expenses		160,915,573.67	119,666,780.27
Surplus/ (Deficit) for the period		(3,828,949.12)	(4,955,582.70)

6.4 Statement of Changes in Equity

Marine Environment Protection Authority Statement of Changes in Equity for the Year ended 31st December 2015

	Differed Grants (Rs.)	Grants related to the Inventories	Capital grant to be utilized	MEPA Fund	Accumulated Surplus / Deficits Rs. Cts.	Total (Rs.)
Balance as at 01/01/2015	64,955,619.07	3,858,594.00	19,530,151.57	15,516,150.13	(13,528,261.26)	90,332,253.51
Change of Accounting Policies						
Balance adjusted to 01.01.2015	64,955,619.07	3,858,594.00	19,530,151.57	15,516,150.13	(13,528,261.26)	90,332,253.51
Capital Grants Received	67,554,428.81	-			-	67,554,428.81
Transfer to Capital grant to be utilized	(22,731,475.55)	-	22,731,450.55	-	-	(25.00)
Transfer from Capital Grant to be utilized	-	-	(17,054,428.81)	-	-	(17,054,428.81)
Interest Income received	-	-	-	834,224.55	-	834,224.55
Capital grants transferred to Income	(43,946,735.17)	-	-	-	-	(43,946,735.17)
Surplus/Defi cit for the year					(3,828,949.12)	(3,828,949.12)
Balance as at 31.12.20155	65,831,837.16	3,858,594.00	25,207,173.31	16,350,374.68	(17,357,210.38)	93,890,768.04

6.5 Cash Flow Statement

Marine Environment Protection Authority Cash Flow Statement for the year 2015

	2015	2014
Cash Flow Generated from Operational Activities		
Net surplus / (Deficit) for the period	(3,828,949.12)	(4,955,582.70)
Adjustments		
Provision for depreciation for the year	16,099,196.51	12,525,120.63
Transfer to Advance Expense	(447,043.50)	-
Provision for Gratuity	1,796,190.00	1,939,000.00
Gratuity Payments	-	(88,320.00)
Income Recognized (From grants received in previous years)	(43,946,735.17)	(37,431,973.75)
Operating Surplus/Deficit Before working Capital changes	(30,327,341.28)	(28,011,755.82)
Working Capital Changes		
(Increase) / decrease in Deposits	(61,500.00)	(15,400.00)
(Increase) / decrease in Prepayments	405,292.67	(1,469,630.20)
(Increase) / decrease from Debtors	(12,895.52)	(25,007.00)
Decrease/ increase in current liabilities	(6,133,939.80)	15,120,711.27
Net Cash flow from operating Activities	(36,130,383.93)	(14,401,081.75)
Investment Activities		
Investment in Treasury Bills	(14,750,372.00)	(13,916,147.26)
Maturity of Treasury Bills	13,916,148.17	12,979,451.23
Acquisition of property plant & Equipment	(16,975,439.53)	(20,489,193.50)
Interest from investment in Treasury Bills	834,224.55	936,696.93
Interest from staff loans	261,218.60	231,924.57
(Increase) / decrease in staff loans for the period	353,024.09	1,079,460.91
Income Pre-received	(680,136.99)	(561,780.82)
Net Cash flow generated from Investment Activities	(17,041,333.11)	(19,739,587.94)
Financing Activities		
Government grant for Capital expenditure	50,500,000.00	50,444,375.71
Bank charges – People’s Bank	(4,292.45)	-
Net cash flow generated from Financing Activities	50,495,707.55	50,444,375.71
Net increase/decrease in cash and cash equivalents during the period	(2,676,009.49)	16,303,706.02
Cash and cash equivalents at the beginning of the year	31,857,634.23	15,553,928.21
Cash and cash equivalents at the end of the year	29,181,624.74	31,857,634.23

6.6 Notes to the Financial Statements

Marine Environment Protection Authority Notes to the Financial Statements

Note 01	Treasury Grants	
	2015	2014
Recurrent Grants	97,222,000.00	62,620,500.00
Capital Grant transfer to income - Current Year	27,847,538.73	24,906,853.19
Capital Grant transfer to income - Differed Grant	16,099,196.44	12,525,120.56
	141,168,735.17	100,052,473.75

Note 02	Fees, Penalties and Permit Fees	
	2015	2014
Waste Reception Service - Registration Fees	3,995,000.00	4,037,900.00
Waste Reception Service - Permit Fees	6,578,750.00	5,832,250.00
Waste Reception Service - Application Fees	54,000.00	45,000.00
Bunkering Application Fees	19,000.00	14,000.00
Bunkering Registration-2014	1,560,000.00	1,715,000.00
Road tankers Registration	40,000.00	-
Dumping Income	713,136.99	394,780.82
	12,959,886.99	12,038,930.82

Note 03	Other Revenue	
	2015	2014
Registration Fees from Suppliers	167,000.00	276,000.00
Other Revenues	2,161,462.56	819,645.00
Book advance interest	5,134.50	2,842.70
Interest Income	624,405.33	1,521,305.30
	2,958,002.39	2,619,793.00

Note 04	Payment of Wages, Salaries and Employee benefits	
	2015	2014
Salaries & Wages	82,159,052.32	51,879,170.09
Overtime / Holiday Pay	880,966.23	803,045.17
Other Allowances	524,250.00	1,173,350.00
Provision for Gratuity	1,796,190.00	1,939,000.00
	85,360,458.55	55,794,565.26

Note 05	<u>Supplies and Consumables Used</u>	
	2015	2014
<u>5.01 Supplies</u>		
Stationary & Office Requisites	1,309,150.88	1,345,557.43
Fuel & Lubricants	1,550,054.44	1,787,473.10
Uniforms	179,500.00	64,000.00
	3,038,705.32	3,197,030.53

5.02 Maintenance Expenditure		
Vehicle Maintenance Expenses	3,261,544.66	2,669,628.33
Plant, Machinery & Equipment Maintenance Cost	1,436,752.57	603,072.69
Office Maintenance Cost	193,058.22	70,045.00
	4,891,355.45	3,342,746.02

Note 06	Other Recurrent Expenditure	
	2015	2014
6.01 Traveling		
Domestic Travelling Expenses	2,236,337.30	2,359,713.00
Foreign Travelling Expenses	1,982,156.45	879,942.97
	4,218,493.75	3,239,655.97
6.02 Contractual Services		
Telecommunication/Postal Charges	1,403,270.06	1,106,650.43
Electricity & Water Expenses	2,948,663.76	2,168,131.88
Office Rent	10,937,146.22	10,544,620.82
Other Contractual Services	4,136,185.32	2,805,975.54
	19,425,265.36	16,625,378.67

Note 07	Grants and Other Transfer Payments	
	2015	2014
Grant and Other Transfer Payments	67,554,428.81	81,567,016.84
Less:		
Amount of grant utilized for purchasing capital Assets	(16,975,439.53)	(39,269,193.50)
Capital expenses for work in progress	(22,731,450.55)	(17,390,970.15)
Amount transferred to the statement of Financial performance during the year	27,847,538.73	24,906,853.19

Note 08	Financing Costs	
	2015	2014
Bank Charges	34,560.00	35,430.00
	34,560.00	35,430.00

Note 09	Depreciation of Property, Plant and Machinery							
	Type of Asset	Cost -2015			Depreciation - 2015			Written-off value
		01.01.2015	Additions	31.12.2015	01.01.2015	Additions	31.12.2015	
Motor Vehicles	56,818,112.63	858,587.00	57,676,699.63	30,990,931.81	8,688,789.38	39,679,721.19	17,996,978.44	
Furniture & Office equipment	29,685,169.85	7,791,248.96	36,025,814.81	15,580,817.06	3,535,177.58	17,720,419.65	18,305,395.16	
Technical Equipment	33,162,702.71	8,248,528.07	41,411,230.78	8,761,699.40	3,802,890.21	12,564,589.61	28,846,641.17	
Library Books	701,494.00	77,075.50	778,569.50	78,413.08	70,298.28	148,711.36	629,858.14	
Total	120,367,479.19	18,426,043.53	135,892,314.72	55,411,861.36	16,097,155.46	70,113,441.81	65,778,872.03	

Note 10	Cash and Cash Equivalents	
Cash and Cash Equivalents	2015	2014
Bank of Ceylon – 194109	26,721,324.41	30,007,284.13
Peoples Bank	2,435,300.34	1,825,350.10
Bank of Ceylon -75553755	25,000.00	25,000.00
	29,181,624.75	31,857,634.23

Note 11	Debtors	
	2015	2014
Advances not Settled	-	32,507.00
Shehan Kuruneru – Rent Payments	6,000.00	6,000.00
C Sapumohoti	2,477.52	
R P Ranaweera	12,500.00	
Lakshitha Dayarathne	2,800.00	
Asanka Wijewarnasooriya	8,500.00	
C D W Senewirathna	13,500.00	
Festival Advance	14,375.00	8,750.00
	60,152.52	47,257.00

Note 12	Deposits	
	2015	2014
Deposits for Rent- Regional Office Galle	96,000.00	96,000.00
Deposits for Rent- Head Office	1,950,000.00	1,890,000.00
Deposits for Rent- Regional Office, Trincomalee	7,500.00	7,500.00
Deposits – Internet for Mobile Phones- 2015	6,000.00	1,500.00
Deposits – Internet for Mobile Phones- 2009	-	3,000.00
Deposits for Water Diapenser 2009/2012	31,500.00	31,500.00
	2,091,000.00	2,029,500.00

Note 13	Pre - payments	
	2015	2014
Rent Pre-payments	722,301.37	719,589.04
Vehicle Maintenance Pre-payments	577,163.10	509,263.40
Maintenance Pre-payments	22,732.10	256,607.91
Other	344,290.45	586,319.35
	1,666,487.02	2,071,779.69

Note 14	Staff Loans Recoverable	
	2015	2014
Opening Loan Balance 01.01.2014	5,159,503.18	6,238,964.09
Added:		
Loans given during the year	3,924,000.00	2,115,000.00
Total recoverable amount	9,083,503.18	8,353,964.09
Less:		
Loan Amounts Recovered during the Year	4,277,024.09	3,194,460.91
Balance as at 31.12.2015	4,806,479.09	5,159,503.18

Note 15	Current Liabilities	
	2015	2014
Overtime Allowances Payable	350,253.91	49,775.63
Other Allowances Payable	-	35,250.00
Travel Expenses Payable	-	252,284.72
WRS Receipts	-	3,750.00
Electricity & Water Bills Payable	33,827.34	159,633.52
Bank Deposits	-	25,000.00
Telephone Charges Payable	89,010.23	70,539.18
Ministry of Mahaveli Development	1,218,000.00	-
Stamp Duty Payable	25.00	75.00
Ceylon Fishery Harbours Corporation	5,634,980.00	7,000,000.00
Hemsons International Private Limited	-	574,560.00
Industry Survey Engineers	120,222.54	794,633.16
Beruwala Holiday Resort	-	21,500.00
Nelu Advertizing Private Limited	-	17,136.00
C D W Senevirathne	-	62,595.00
Government Press	-	100,800.00
Analytical Instruments Private Limited	842,301.64	3,712,808.01

Hulchem Lanka Private Limited	-	1,819,209.17
SATHOSA Motors Private Limited	-	340,295.48
Hasaranga Motors	-	138,000.00
Sanjeeva Motors Private Limited	152,750.00	129,725.00
G.N. Warshavithana	-	51,460.00
Topshine Environmental Services	81,899.95	37,584.96
Browns and Company Private Limited	-	16,422.00
Nithma IT Solutions	-	6,875.00
Toyota Lanka Private Limited	-	60,551.54
K.M. and Engineers Motors	-	63,142.00
Prime Ceylon	51,000.00	
Chaina Harbor Engeneeing	1,000.00	
S.Godage & Brothers (Pvt) Ltd	32,106.00	
Secretary – Thirukkivil Pradeshiya sabha	10,677.30	
Dankotuwa Porcelain PLC	50,520.00	
SRT security (Pvt) Ltd	54,855.00	
Diss Sec – Trincomalee	117,640.00	
Cold Storage Lanka	336,938.75	
John Keels office Automation	16,000.00	
Sri Lanka State trading	36,710.00	
My Tool Auto mobile Tech	1,200.00	
P B T pradeep Kumara	46,703.92	
University of Ruhuna	127,996.55	
Sumudu Priyadarshika	12.00	
Ranjith Meegaswatte	312.64	
L A L Ajith	2,722.80	
	9,409,665.57	15,543,605.37

Note 16	Staff Loan Fund	
	2015	2014
Opening Loan Balance as at 01.01.2015	6,984,853.28	6,752,928.71
Added:		
Interest for the Year	261,218.60	231,924.57
Less:		
Bank charges	4,292.45	
Balance as at 31.12.2015	7,241,779.43	6,984,853.28

Note 17	Provision for Gratuity	
	2015	2014
Opening Loan Balance as at 01.01.2015	9,135,060.00	7,284,380.00
Revised Balance		
Provision for the Year	1,796,190.00	1,939,000.00
	10,931,250.00	9,223,380.00
Added :		
Payments during the year	-	88,320.00
Balance as at 31.12.2015	10,931,250.00	9,135,060.00

Note 18	Government Grants and Capital	
	2015	2014
Opening Balance as at 01.01.2015	64,955,619.07	38,211,546.13
Correction of Errors		
Added:		
Capital Grants Received during the year	67,554,428.81	81,567,016.84
Less:		
Recognized as income	43,946,735.17	37,431,973.75
Capital Expenses on work in progress	22,731,450.55	17,390,970.15
Balance as at 31.12.2015	65,831,862.16	64,955,619.07

Note 19	Accumulated Deficit	
	2015	2014
Opening Balance at 01.01.2015	(13,528,261.26)	(8,572,678.56)
Corrections in Deferred Income	-	
Correction of Errors	-	
Transfer to Deferred Income	-	
Revised Balance - Gratuities		
Deficit/Surplus for the Year	(3,828,949.12)	(4,955,582.70)
Balance as at 31.12.2015	(17,357,210.38)	(13,528,261.26)

Note 20	Marine Environment Protection Fund	
	2015	2014
Opening Balance as at 01.01.2015	15,516,150.13	14,579,453.20
Interest Income – Treasury Bills	834,224.55	936,696.93
Closing Balance as at 31.12.2015	16,350,374.68	15,516,150.13

Note 21	EIA Deposit	
	2015	2014
Opening Balance as at 01.01.2015	447,043.50	447,043.50
Less:	-	
Expenditure borne during the year	447,043.50	
Balance as at 31.12.2015	-	447,043.50

Note 22	Income Pre-received	
	2015	2014
Income Pre-received		
Waste Reception Service - registration and permit Fees	33,000.00	1,081,500.00
Bunkering registration and permit Fees	8,000.00	6,000.00
Waste Disposal Orders Registration	637,082.19	314,719.18
Registration of Suppliers	95,000.00	51,000.00
	773,082.19	1,453,219.18

Note 23	Grants Received	
	2015	2014
Grants Received		
Grants Received During the Year	3,858,594.00	3,858,594.00
Less:		
Trasfers to the Income and Expenditure Account	-	-
Balance as at 31.12.2015	3,858,594.00	3,858,594.00

Note 24	Capital Work in Progress Account	
Capital Work in Progress Account	2015	2014
Balance as at 01.01.2014	19,530,151.57	14,481,822.55
Added:		
Transfers During the Year	22,731,450.55	17,390,970.15
	42,261,602.12	31,872,792.70
Less:		
Expenses Borne During the Year	17,054,428.81	12,342,641.13
Balance as at 31.12.2014	25,207,173.31	19,530,151.57
Note 25	Capital Grants Reconciliation	
Capital Grants Reconciliation	2015	2014
Capital Grants for the Year	50,500,000.00	38,261,000.00
Vehicle Pool	-	18,780,000.00
Transfer of EIA Expenditure	-	-
Grants to Ballast Water Projects	-	4,462,323.06
Green Harbours Development Project	-	7,362,959.65
Deyata Sevana Project	-	358,093.00
Transfers to the Work in Progress Account	13,617,448.81	12,342,641.13
Total Capital Grants Received	64,117,448.81	81,567,016.84
Less:		
Acquisition of Fixed Assets	(16,975,439.53)	(39,269,193.50)
Transfers to the Work in Progress Account	(22,731,450.55)	(17,390,970.15)
	24,410,558.73	24,906,853.19
Note 26	Inventories	
Inventories	2015	2014
Opening Balance	3,858,594.00	3,858,594.00
Stationary Stocks	559,199.50	
Less		
Amount transfer to P& L	-	-
Closing balance	4,417,793.50	3,858,594.00

Note 27 Grant and Other Transfer Payments		2015	2014
Expense	Actual Expenditure	Transfer to Assets	Expenditure for P & L
Rehabilitation and Improvement Capital Assets			
2001. Building and Structures	791,631.18	-	791,631.18
2002. Plant Machinery & Equipment	387,942.05	-	387,942.05
2003. Vehicle	1,058,969.59	49,110.00	1,009,859.59
2102. Furniture and Equipment	142,605.60	142,605.60	-
2103. Plant Machinery and Equipment	147,627.63	147,627.63	-
2401. Human Resources Development	1,182,723.50	95,390.50	1,087,333.00
2502. Other Capital Expenditure			
1 Implementation of NOSCOP	959,260.75	-	959,260.75
2 Strengthen regulatory Regime	628,793.92	-	628,793.92
3 National Water Quality Monitoring	4,150,775.36	2,642,135.00	1,508,640.36
4 Waste Reception Service in comm	487,038.36	-	487,038.36
5 Bunkering	43,075.00	-	43,075.00
6 National Project on Pollution	419,188.61	-	419,188.61
7 Improve of Laboratory	1,020,760.49	281,122.00	739,638.49
8 Joint research Project with AEA	142,907.00	-	142,907.00
9 National Marine Database Management	1,103,568.66	-	1,103,568.66
10 The Clean beach city project	244,845.00	-	244,845.00
11 Awareness programme on Marine en	2,253,661.45	-	2,253,661.45
12 Commemoration on National Event	12,168,549.33	-	12,168,549.33
13 Assess Marine Pollution Impact	193,564.00	-	193,564.00
14 Marine Ecosystem Restoration	110,075.00	-	110,075.00
17 Establish regional Office	55,691.00	-	55,691.00
19 Field visit and regional office	73,950.50	-	73,950.50
Capital Grant to be Utilized 2013/2014	17,054,428.81	13,617,448.81	3,436,980.00
	44,821,632.79	16,975,439.54	27,846,193.25

- 28 The Authority invested Rs. 13,916,147.26 in six months Treasury Bills in November 2015 and the total amount (interest and the investment amount) reinvested during the year 2015. The amount of Rs. 834,224.55 have been earned as the interest income. The amount of Rs. 14,750,372.00 (Interest and investment value) reinvested in November 2015 and this amount shown under the current assets in the Statement of Financial Positions.
- 29 The Authority started to invest surplus cash balance as at the end of the day in the current account to repurchase treasury bills in the daily basis. This process is continued until the end of the year and earned Rs. 624,405.33 as interest income. This interest income is included to the total income for the year.
- 30 The Authority acquired Rs.16,975,439.53 value of fixed assets during the year. These assets included furniture, office furniture, lab equipments, technical equipment, computers, etc
- 31 Board of Directors of the authority decided to charge an administrative fee to cover expenses incurred in EIA approval procedure (Environment Impact Assessment) with effect from 01.01.2012. Accordingly Rs. 500,000.00 received during the 2012 from Crane Lanka Company. After deducting the relevant expenditure in connection with EIA process, the balance cash shown under the current liabilities in the statement of Financial Position as EIA Project Deposit during the year 2014.the remaining balance at the end of reporting period was Rs.447,043.50. This balance was transferred to the Statement of Financial Performance during the year, since considering the fact that Indian Company stop their Operation in oil exploration there for no any cost will be incurring in this Connection.
- 30 Gratuity Provision
- 1 The basis for calculation of gratuity changed as basic salary and the cost of living allowance (as per the direction given by the Commissioner of Labour dated 05.11.2013)
- 2 As per the public enterprise circular the retirement age of public sector employee is extended up to 60 years. Accordingly the authority considers the employee retirement age 60 years.
- 3 Based on the PED circular there should be separate account for gratuity (same amount to the provision in cash value). However authority did not open the account during the year. This is due to unavailability of sufficient funds. Account will be open and cash will be transferred subsequent based on the excess cash availability.
- 33 Capital Grant to be utilized (Last year this was named as Capital WIP)
- During the year Rs.50.50 million cash received as capital grant from the treasury out of that Rs.27, 767,203.98 spend for the capital programme activities and the balance was included in closing cash balance. This was due to the delay in suppliers to submit goods and services and not perform action plan

activities as planned during the year. In addition to that Rs. 2,475,722.76 balance brought forward from the year 2014. Accordingly Rs.25,207,173.31, shown under the Equity as Capital Grant to be utilized (Last year this was named as Capital WIP) in the Statement of Financial Positions.

34 Inventories

Inventories valued at net realizable value or cost whichever is lower. There was no any indication that net realizable value of stock less than the cost of inventories. Accordingly, during the year no any adjustment was made to the inventories. Inventories shown under the current assets in the Statement of Financial Position.

However, physical verification indicated that 1600liters of oil spill dispersant was issued to the Ceylon Petroleum Storage Limited on the replacement basis on 30.05.2014. this issue was made from the 5800 liters of oil spill dispersant stocks. However it was not replaces until 31.12.2015.

In addition to the oil spill dispersant stocks, physical verification of stores indicated that, there is and considerable amount of stationary items were available in store. Therefor it is decided to take material items of stationary as an inventory item. This stocks also included in inventory as stock as at 31.12.2015.

35 **Library Books**

The value of the books were entered as Library Books in the Statement of Financial Position and the cost was transferred to the Grants Deferred Account.

36 chemicals and glassware stocks

In the case of chemicals and glassware the policy adopted by the authority is to charge total purchase cost of chemicals and glassware to the P&L during the year the transaction happened.

This method is adapted due to the practical difficulties in calculation of exact amount of chemical at the end of year, and some glass ware need to be replaced during the short a period of time. However the laboratory maintains stocks ledgers for both chemicals and the glassware for recording purpose.

37 International Coastal Cleanup Programme 2015(ICC)

During the year the Authority allocated Rs. 8.428 million from the action plan for conducting International Coastal cleanup programme (ICC). However, total committed expenditure for the programme was Rs.16.006 million. Out total committed expenditure Rs. 3.8 million received as donation. Some of this financial commitment has being made without following the procurement procedure; therefore some problem arises in payment settlement process. Following bills were due to settle as at 31.12.2015.

Company Name	Due Amount Rs.	Paid Amount Rs	Balance Amount Rs
1. SELACINE	3,690,972.00	1,375,000.00	2,315,972.00
2. Sirasa TV	1,470,001.00	735,000.00	735,001.00
3. Wijaya Newspapers (Pvt) Ltd	399,422.40	200,000.00	199,422.40
4. Galadari Hotel	300,000.00	-	300,000.00
5. Tourism Development Authority	268,331.40	-	268,331.40
6. Government printer	76,590.00		76,590.00
Total	6,205,316.80	2,310,000.00	3,895,316.80

Rs.3,818,726.80 allocated to settle above outstanding payment. This allocation made from the capital grant received in the year 2015. The allocated amount is included in Capital Grant to be Utilized. Further, the authority seeks advice from Ministry of National Budget Department regarding the outstanding bill settlement.

38 pending Legal Action as at 31.12.2015

Legal action has been initiated against a cypress flagged vessel "Thermopylae Sierra" anchored in the outer harbor limits close to Panadura for the marine pollution occurred on the 23rd August 2012, under both civil and criminal liabilities as per section 34 and 26 of the Act respectively. Prosecution will be conducted by the Attorney General under Section 50 of this Act. All documents and Information required by the Attorney General has been submitted.

Further action is under consideration by the Attorney General.

6.7 Marine Environment Protection Authority
Statement of Financial Position
From 2011 to 2015 (Rupees)

<u>Assets</u>		2015	2014	2013	2012	2011
<u>Current Assets</u>						
Cash Balance	10	29,181,624.75	31,857,634.23	15,553,928.21	5,512,790.27	13,619,138.16
Debtors	11	60,152.52	47,257.00	22,250.00	13,500.00	16,935.00
Deposits	12	2,091,000.00	2,029,500.00	2,014,100.00	1,219,100.00	1,137,800.00
Pre-Payments	13	1,666,487.02	2,071,779.68	602,149.49	597,394.81	370,250.73
Investments (Treasury Bills)		14,750,372.00	13,916,147.26	12,979,451.23	11,755,525.00	10,709,913.55
Staff Loans Recoverable	14	4,806,479.09	5,159,503.18	6,238,964.09	5,633,670.23	6,257,776.56
Stock	23	3,858,594.00	3,858,594.00	3,858,594.00		
<u>Non-Current Assets</u>						
Property, Plant and Machinery	09	65,778,872.90	64,955,616.96	38,211,544.09	43,404,750.36	39,814,309.96
Total Assets		122,193,582.28	123,896,032.31	79,480,981.11	68,136,730.67	71,926,123.96
<u>Liabilities</u>						
<u>Current Liabilities</u>						
Accrued payment	15	9,409,665.57	15,543,605.37	422,894.10	2,372,439.26	10,837,615.91
Deposits	21	-	447,043.50	447,043.50	486,990.50	-
Pre-Received Revenues	22	773,082.19	1,453,219.18	2,015,000.00	1,694,000.00	12,309,913.55
<u>Non-Current Liabilities</u>						
Marine Environment Protection Fund	20		15,516,150.13	14,579,453.20	13,355,525.74	6,389,200.68
Amount for Distress Loans	16	7,241,779.43	6,984,853.28	6,752,928.71	6,565,640.22	3,756,087.50
Provision for Gratuity	17	10,931,250.00	9,135,060.00	7,284,380.00	4,480,874.50	33,292,817.64
Total Liabilities		28,355,777.19	49,079,931.46	31,501,699.51	28,955,470.22	33,292,817.64

ANNUAL REPORT 2015

Nett Assets		94,397,004.59	74,816,100.85	47,979,281.60	39,181,261.00	38,633,306.32
<u>Equities</u>						
Government Grants and Capital (Deferred Grants)	18	65,778,874.32	64,955,616.49	38,211,543.55	43,404,750.36	23,526,289.15
Accumulated Deficit	19	25,207,173.31	(13,492,831.26)	(8,572,678.50)	(4,223,489.36)	(1,181,004.78)
Capital Expenditure on Work in Progress	24	3,858,594.00	19,530,151.57	14,481,822.55	-	-
Capital grant Inventory	23	16,350,374.68	3,858,594.00	3,858,594.00	-	-
Total Equity		94,397,004.59	74,816,100.85	47,979,281.60	39,181,261.00	38,633,306.32

6.8 Marine Environment Protection Authority Statements of Financial Performance - 2011 to 2015

	Notes	2015	2014	2013	2012	2011
Treasury Grants	1	141,221,723.01	100,052,473.75	79,059,481.67	79,902,066.62	53,327,215.80
Registration and License Fees	2	12,959,886.99	12,038,930.82	11,976,053.17	10,033,547.94	9,242,201.03
Other Incomes	3	2,910,944.39	2,619,793.00	1,168,403.50	1,095,406.19	969,145.95
Total Income		157,092,554.39	114,711,197.57	92,203,938.34	91,031,020.75	63,538,562.78
Expenditures						
Salaries and Emoluments	4	85,360,458.55	55,794,565.26	41,797,413.42	39,005,981.99	29,670,533.99
Supplies and Consumables	5	7,370,061.27	6,539,776.55	5,297,828.16	4,329,712.86	2,852,673.76
Other Recurrent Expenditures	6	23,651,730.11	19,865,034.64	14,482,504.22	13,081,247.73	11,975,763.90
Grants and Transfers	7	27,847,538.73	24,906,853.19	23,058,734.95	26,924,095.44	13,031,810.11
Financial Expenditures	8	34,560.00	35,430.00	36,800.00	47,162.10	40,142.30
Depreciation of Fixed Assets	9	16,097,155.46	12,525,120.63	10,335,446.79	9,457,531.25	5,825,405.76
Total Expenditures		160,362,304.12	119,666,780.27	95,008,727.55	92,845,731.37	63,396,329.82
Deficit/ Surplus for the period		(3,269,749.73)	(4,955,582.70)	(2,804,789.20)	(1,814,710.62)	142,232.96

7.7 Report of the Auditor General



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No. }

IEN/E/MEPA/01/15/14
உமது இல.
Your No. }

දිනය
திகதி
Date }

16 August 2016

The Chairman,
Marine Environmental Protection Authority.

Report of the Auditor General on the Financial Statements of the Marine Environmental Protection Authority for the year ended 31 December 2015 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971.

The audit of financial statements of the Marine Environmental Protection Authority for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971 and Section 20 of the Marine Pollution Prevention Act, No.35 of 2008. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act will be issued to the Chairman of the Authority in due course.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards, consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 - 1810). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.



An audit involves performance procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatements of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of financial statements. Sub sections (3) and (4) of the Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit.

I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 **Basis for Qualified Opinion**

My opinion is qualified based on the matter in paragraph 2.2 of this report.

2. **Financial Statements**

2.1 **Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Marine Environmental Protection Authority as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 **Comments of Financial Statements**

2.2.1 **Sri Lanka Public Sector Accounting Standards**

Even though expenditure shall not be written off against revenue unless required or permitted by the Sri Lanka Public Sector Accounting Standards in the presentation of financial statements according to Sri Lanka Public Sector Accounting Standard 01, expenditure amounting to Rs.71,250 had been written off against the Rs.6,650,000 revenue of Waste Reception Service Permit Fees and net revenue of Rs.6,578,750 only had been brought to account.



2.2.2 Accounting Deficiencies

One thousand six hundred liters of Oil Spill Dispersant valued at Rs.1,064,439 issued on return basis to the Sri Lanka Petroleum Stores Terminal Company Limited in the year 2014 had not been returned even as at 31 December of the year under review and it had not been stated in the accounts as receivable by deducting that value from stocks.

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliance with Laws, Rules, Regulations and Management Decisions were observed.

Reference to laws, rules and regulations	Non-compliance
(a) Section 13(5)(d) of the Finance Act, No. 38 of 1971	Half-year Internal Audit Reports relating to the year under review had not been furnished even by April 2016.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulations 104 and 110	Action had not been taken in terms of Financial Regulations relating to motor vehicle accidents occurred in the year under review and the preceding years and a register in respect of the damages had not been maintained.
(ii) Financial Regulation 396(d)	Action had not been taken in terms of Financial Regulations on 12 cheques valued at Rs.1,465,264 which had been issued but not presented for payments and had lapsed over 06 months.
(c) Public Enterprises Circular No. PED/12 of 02 June 2003 Section 9.3.1(vii)	Even though acting appointments are made due to a certain reason, they should not be more than 03 months. Nevertheless, there were 04 instances where action had been taken contrary to it.



03. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Authority for the year ended 31 December 2015 had been a deficit of Rs.3,269,750 as compared with the corresponding deficit of Rs.4,955,583 for the previous year, thus indicating an improvement of Rs.1,685,833 in the financial result. Even though personnel emoluments, other recurrent expenditures, by a transfer payments and depreciation had increased by sums of Rs.29,565,839, Rs.3,786,695, Rs.2,940,686 and Rs.3,572,034 respectively had increased, the increase of income by a sum of Rs.42,381,356 had been the main reasons for this improvement.

3.2 Contribution

In analyzing the financial results of the year under review and of 04 preceding years, even though a surplus had occurred in the year 2011, it had been a continuous deficit from the year 2012 to the year under review. However, the contribution of the Authority had continuously improved after adjusting for personnel emoluments and depreciation on non-current assets and the contribution amounting to Rs.35,638,173 in the year 2011 had increased up to a sum of Rs.98,187,864 or by 176 per cent in the year under review.

4. Operating Review

4.1 Performance

The following observations are made.

- (a) The Authority had been established by the Marine Pollution Prevention Act No.35 of 2008 and the main objectives of the Authority in terms of the Act are as follows.
 - (i) To formulate and execute proposals for the prevention, reduction, control and management of pollution arising out of ship based activity and shore base maritime related activity in the territorial waters, maritime zones, off-shore and coastal zone of Sri Lanka or any other maritime zone and to conduct research in collaboration with other government and private institutions.



- (ii) To prevent pollution and protection of territorial waters, maritime zones, off- shore and the coastal zone from any oil, harmful substances or any pollutant, to provide adequate and effective reception facilities and to formulate and implement the National Emergency Oil Pollution Plan.
 - (iii) To recommend adherence to all international conventions and relevant protocols dealing with maritime pollution.
 - (iv) To supervise the conduct of the person engaged in exploration of natural resources including petroleum or related activities, to create awareness amongst groups of community of the need to preserve the marine environment.
- (b) The following observations are made relating to the fulfillment of the objectives stated above.
- (i) According to the Action Plan of the year under review, the performance of utilization of capital grants of the Authority was at a very weak level and less than 50 per cent of performance had been shown in 10 activities out of its 19 main activities. Out of them, the Authority had failed to achieve the main objectives of the Act due to not achieving the activities of implementation of National emergency oil spreading plan, National Maritime Relics Management Project, Project on cleaning and management of beaches and Projects on restoration of marine environment systems, as expected.
 - (ii) The Project of “Management of Introduction of Invasive Alien Species into Sri Lanka waters through ship’s ballast water” should have been commenced in the year 2013 and completed in the year 2014. This project had not been completed and extensions of period had been obtained up to the year 2016. Even though a sum of Rs.10,657,682 had been spent for the project up to the year 2015, the final report of the project had not been prepared even up to April 2016.

4.2 Management Activities

The following observations are made.

- (a) Even though a sum of Rs.750,000 had been paid by the Authority on 14 June 2013 by entering into an agreement on 18 April 2013 with the University of Ruhuna to conduct a survey within 03 months and to hand over the survey report relating to the forming of an inspection finance paper for the toxicity and efficiency of oil spill dispersants, that final report had not been handed over even by April 2016.



- (b) Even though sums of Rs.8,328,000 and Rs.3,805,700 had been received as estimated provisions and aids respectively for the programme commenced for the celebration of International Beach Cleaning Day, capital grants had been allocated in order to settle the balance amount of Rs.3,895,317 due to its total expenditure being a sum of Rs.16,029,017.
- (c) An agreement amounting to Rs.952,000 had been entered into with the Institution of Technology for the provision of consultancy services for the modification activities of the laboratory of the Authority for the achievement of ISO standards and advances amounting to Rs.190,400 had been given. Even though the preliminary report should be handed over on 15 November 2014 and that function should be completed on 31 December 2015 in terms of the agreement, the report had been handed over on 19 June 2015 and the relevant service had not been completed even by May 2016.
- (d) Seven laptop computers valued at Rs.883,990 had been purchased contrary to the specifications prepared by the Technical Evaluation Committee.

4.3 Transactions of Contentious Nature

A sum of Rs.03 million had been paid to the Department of Coast Conservation by the Authority for the construction of 02 monitoring towers in Unawatuna and Moragolla beaches contrary to the objectives referred to in the Act.

4.4 Idle and Underutilized Assets

The following observations are made.

- (a) Even though a computer software system by spending a sum of Rs.4,000,000 in the year 2013 and 02 technical equipment by spending a sum of Rs.1,411,004 in the year 2014 had been obtained to introduce an e service methodology of issuing permits for the service of reception of the waste discharged by ships, this software system and equipment had not been utilized and as such it had remained idle due to not introducing this methodology even by March 2016.
- (b) Four items of equipment purchased by spending a sum of Rs.1,500,693 in the year 2014 and the Vacuum Manifold System purchased by spending a sum of Rs.574,560 in March 2015 for the establishment of a laboratory in the Trincomalee office with the approval of the Board of Directors had remained idle without being utilized, even up to April 2016.



- (c) The equipment relating to cleaning impurities valued at Rs.3,918,782 purchased in the year under review had remained idle without being utilized for 14 months up to April 2016 and steps had not been taken to safely store it. This equipment consists of 12 items and action had not been taken to identify those items separately and to post them in the Stock Register.
- (d) A 4 Stroke Engine and a 'Dingi' boat costing Rs.1,182,000 purchased in the year 2012 had remained idle up to 31 December in the year under review.

4.5 Personnel Administration

The approved cadre of the Authority as at 31 December 2015 had stood at 202 and the actual cadre had stood at 173. The following observations are made in this regard.

- (a) Twenty- nine posts of the staff of the Authority had remained vacant as at 31 December 2015. Out of them, 05 posts in the senior level being vacant had affected in the decline of the operating efficiency of the Authority.
- (b) Even though an officer who is appointed as the Secretary to the Board of Directors should have sufficient experience and qualifications in the field of law or Company Secretarial experience, the person appointed as the Secretary had not fulfilled the said qualifications.

5. Accountability and Good Governance

5.1 Budgetary Control

As variations ranging from 10 per cent to 102 per cent between the budgeted and actual expenses were observed, the budget had not been made use of as an effective instrument of management control.

5.2 Internal Audit

Even though an Internal Audit Unit had been established within the Authority, an Internal Auditor had not been appointed and only two Audit officers had been attached for this unit. Audit assignments had not been given to Audit officers due to lack of proper supervision and it was observed that internal audit functions of the Authority existed at a very weak level.



5.3 Unresolved Audit Paragraphs

The following observations are made.

- (a) Even though the Oil Spill Contingency Plan should be approved by the Authority in terms of the Order No.01 of 2012 under the provisions of Marine Pollution Prevention Act No.35 of 2008, the responsibility relating to that Institution in case of an emergency oil spill had remained exterior to the Authority due to not paying attention on non- presentation of that plan by the Sri Lanka Ports Authority.
- (b) A proper methodology had not been prepared for waste management existing in the Fishery Harbours.
- (c) Even though it had been decided to make awareness among Local Authorities on the disposal of waste of lavatories built in a manner that waste is disposed to sea within the limit of 300 meters from the sea to the land without recycling and to prepare a report in the manner that action to be taken in future by discussing with the Director General of the Tourism Development Board on the special impact posed to Tourism Industry due to waste disposed to sea without recycling, it had not been implemented.
- (d) Broadening experiments that are presently available for exerting laboratory activities more successfully and efficiently and preparing a report on marine water pollution in terms of all experiments conducted by the laboratory had been delayed.

06 Systems and Controls

The deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls

Observations

(a) Personnel Administration

Recruitments, granting of promotions and disciplinary inquiries had not been completed.



සිංහලයාට්‍යයේ දෙපාර්තමේන්තුව
සාමාන්‍ය පාලනාධිකාරී කොටස
Auditor General's Department

- | | |
|------------------------------|--|
| (b) Project Administration | Not completing projects on due date and not taking action to obtain final reports and accounts relating to the projects. |
| (c) Implementation of Plans. | Not regularizing plan implementation and not taking follow- up action. |
| (d) Utilization of Funds. | Incurring over expenditure in implementing programmes due to not paying attention on the allocated provisions for that matter. |
| (e) Stock Administration | Not updating Stock Registers. |

H.M Gamini Wijesinghe
Auditor General